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physiological effects of alcohol, it really becomes a matter of charity, if we suppose him sincere, to instruct him that no *valid* physiological reason has been or can be given for the notion that the habitual use of alcohol is beneficial to a person in health. We have no quarrel with him who drinks habitually; that is not our affair. But let him not impress Physiology to screen him in the practice. She abhors such service. Let him not "drink on pretexts"; but frankly admit that he drinks merely for the excitement alcohol produces; that he incurs a risk in so doing, hoping to avoid the so frequent consequences; but that he would not advise another to do the same, lest he might yield to the temptation. This is fair and honorable; and this is the only ground that medical men who habitually drink alcoholic liquors can take, without impeaching either their knowledge or their candor. We confess ourselves indignant, when we see Physiology distorted and mutilated till her most intimate disciples can scarcely recognize her, and then debased to do battle against a cause emphatically her own; and we have no excuse for those who, whether prompted by ignorance or by their own interests, thus lay unholy hands upon her. In her behalf would we address to all such the blended supplication and command of the Sibyl, —

"Procul, O, procul este, profani!"

ART. XI. — *The Principles of Political Economy applied to the Condition, the Resources, and the Institutions of the American People.* By FRANCIS BOWEN, Alford Professor of Moral Philosophy and Civil Polity in Harvard College. Boston: Little, Brown, & Co. 1856. 12mo. pp. 546.

The *Statics* of the body politic considered as a wealth-producing body constitute Political Economy; its *Dynamics* are all comprehended in the one maxim, *Laissez-faire*, — "Let alone." The physical science of Statics treats of equilibrium, its conditions and its hinderances, — of friction, the stiffness

of ropes, and whatever else must be counteracted or allowed for in order to make dynamical theories applicable in practice. In like manner, Political Economy treats of the equilibrium or the normal condition of the community or nation, — of what must be done or undone, supplied, presupposed, or allowed for, in order to made the *laissez-faire* principle as safe in practice as it is sound in theory. This statement legitimates the title of the work now under review; for as the selfsame statcal laws require separate enunciations and different formulæ for the lever, the pulley, and the screw, so may the selfsame economical laws vary in the details of form and expression with the variable elements of climate, soil, race, culture, and historical antecedents. Nay, more, Political Economy, in whatever guise it may appear in set treatises, is wholly an inductive science, and must have been elaborated solely by the collation and generalization of observed facts and phenomena. Its detailed application, therefore, furnishes the only possible test of its alleged principles; and it can best be kept from growing visionary by the perpetual recurrence of that test. If Mr. Bowen's fundamental maxims are in accordance with truth, his American version of them authenticates them; otherwise, that version is a simple *reductio ad absurdum*.

We have spoken of the normal condition of the community. The normal man is he whose powers are developed to the full extent of his means and opportunities, and to the full measure of his surroundings and his needs. The normal nation is that which has so far developed its industrial capacities as to have reaped the revenue of its past, at least of its recent past, to avail itself of its present resources, and to command its future. Thus Political Economy has close affinities on the one hand with ethics, and on the other with the science of government. It applies itself to questions of duty, not as they lie under the cognizance of conscience and the law of God, but as they affect the quantity and quality of labor, the security of its rewards, and the equitable distribution of its products. It concerns itself with government, not in its names and forms, but in its mode and measure of taxation, its more or less stringent control over individual free-

dom, its regulations appertaining to monopolies, currency, finance, and commerce, and the footing on which its international arrangements place its own citizens and those of other nations respectively, as producers and consumers. The *laissez-faire* principle is in theory that which we apply to every individual man; but only to the normal man, not to the child or the idiot, the spendthrift or the sot, the wanton wrong-doer or the powerless wrong-sufferer. No more is it applicable to the nation sunk in ignorance or in vice, grasping and oppressive in the occupancy of its vantage-ground over weaker nations, or too feeble to cope on equal terms with encroaching and overbearing rivals. In all these cases there are deficiencies to be supplied, wrongs to be righted, or strength to be developed, before protective, restrictive, or reformatory maxims can be thrown aside, industry be left to mark out its own course, and the currents of production, distribution, and consumption to find their own channels, level, and issues.

But in the normal nation, and under the freest policy, there still remain subjects of which Political Economy has the rightful cognizance. The charges of government must be in some way a burden upon industry. How can they be reduced to the lowest point of safety and honor? How can they be so adjusted as to detract the least from productive energy and enterprise? How can they be collected with the minimum of cost, whether in money, or in the number of agents whom this service withdraws from the industrial force of the community? There must also be, for the purposes of exchange, a common measure of values, and, if a common measure, it must be created and sustained under the auspices of the state, and on principles that shall insure its adequate supply, its uniformity of standard, and its continuous or gradually progressive or declining value. What then shall be the material of money? Where does the charge of coinage belong? Shall one of the precious metals be made the sole standard of value, and the legal tender for obligations, and the other be suffered, whether coined or uncoined, to find its market worth as merchandise? Or shall both the precious metals be legal standards, and their variation in relative value

be adjusted from time to time by an altered coinage, while, in the intervals, that which has risen above its worth at the mint shall find its way from the mint to the crucible, and disappear from circulation as bullion? Shall representatives of value be legalized as currency? If so, in sums how small? Under what security? In what proportion to the means in hand for their liquidation? These are all concerns, which cannot be abandoned to take care of themselves. They belong to the statics, without whose adjustment the dynamic forces of production cannot work freely. They cannot, in their very nature, be left to individuals; for their adjustment is an antecedent to hopeful industry and knowingly directed enterprise. They cannot be wholly determined by a nation within itself; for, settled on a false basis, they place the nation at a disadvantage with foreign competitors. The questions relating to them are such as admit of being answered on principles of intrinsic expediency and right; and it is the province of Political Economy to give to them such answers as shall command the approximate, and ultimately the entire, assent of the civilized world.

Another department of prime importance, to which the "let-alone" principle is utterly inapplicable, and which imperatively demands scientific investigation and settlement, is the descent or disposal of the property of deceased persons. The doctrine of posthumous rights is wholly exploded. No one now doubts that the nation is the true heir to every estate that passes from its owner by his death. On this ground alone can the legislative authority limit the freedom of bequest, or make arbitrary rules as to the division of intestate property. If the fee does not virtually lapse to the nation, its law-makers have no right to assign to the widow a larger dower than is given her by her husband's will, or to determine whether the estate of a childless intestate shall go to his parents or to his collateral kindred. The question then is, How may the state so dispose of the property daily falling into its possession as most effectually to encourage industry? Here two principles may be regarded as fixed beyond dispute. First, the liberty of posthumous disposal, though not a natural right, vindicates itself by its utility in an economical aspect, inas-

much as the power of regulating the disposition of one's property after death must needs be, to very many, one of the strongest incentives to industry and enterprise. Secondly, as a father's property is in a large portion of instances, perhaps in the majority, a means of support, a source of capital, or a ground of reliance in contingencies, to his children, sudden embarrassment, bankruptcy, and pauperism, to the serious detriment of the public weal, would be the very frequent result of any system which deprived children of the inheritance of their parents. The industrial interests of the state then legitimate testamentary bequests, and at the same time establish the general principle of hereditary descent. But these two principles may be in conflict. If so, which shall yield? Shall the disposing power of the testator be unrestricted, or shall his natural heirs be in some measure defended against his caprice? And, as to intestate property, the mode of partition has a most momentous bearing on the whole subject of capital and industry. Is the state best served by the concentration of wealth in few hands, or by its wider distribution and more minute subdivision? Especially are large or small landed estates the most productive? As these questions are answered, the prestige of primogeniture will be respected or disallowed, and entail will be facilitated or discouraged. Nor has Political Economy, within its entire range, a subject which admits of wider variance of opinion, demands more careful consideration, or exercises a more decisive influence on the industrial statics of the community.

We might enumerate other topics that properly fall within the scope of the science which treats of the production and distribution of wealth; but not a few of them are safely enough left to sciences with which they have a still closer affinity, and were Political Economy to claim the right of "eminent domain" over all the territory to which it could show a fair title, no single treatise could present a compend of its doctrines, nor would any lifetime be long enough for the initiation of its students. When, therefore, we speak in terms of high praise of the thoroughness and completeness of Mr. Bowen's work, we thus speak with reference to the con-

ventional limits, not to the almost boundless circuit, of the science.

We notice in the treatise before us but one omission which we can regret, and that is, the failure to discuss as a separate subject the theory of taxation. Mr. Bowen, in advocating a protective revenue-system, of course takes for granted the expediency of indirect taxation. He is undoubtedly justified in this assumption by the present necessity of the case. The abolition of import-duties by any one of the family of civilized nations would unquestionably produce a dangerous paralysis of its home industry, and would expose it to an exhausting and desolating invasion of foreign commerce. Yet the intrinsic advantages of direct taxation are undeniable. Direct taxes are collected much more economically than indirect, both as regards the percentage of cost and the number of agents made useless for other purposes. While a single treasurer with his one deputy or messenger may collect and disburse the taxes of a city of twenty thousand inhabitants at a charge not exceeding two per cent, if that city is also a revenue district, the collection of duties not exceeding in amount the municipal taxes will furnish places, many of them almost sinecures, for twenty officials, who will consume more than half the revenue they collect. In large ports the discrepancy is indeed less, yet still great. Nor is the moral effect of a revenue-system like ours a matter of insignificance, whether we regard the large number of persons who, having once borne office in that department, are ever after mere drones and mischief-makers, or the disturbing and baneful influence exerted on the elections by office-holders and office-seekers, and on the government by the temptations incident to so extensive and lucrative a patronage. Public charges also would be reduced to their minimum by direct taxation; for the citizens, hardly aware of the taxes which they neither pay nor see paid, would demand something approaching a *quid pro quo* did they fill the public exchequer from their own pockets. It may be doubted whether, on this system, a standing army would be possible, or whether a government would have it in its power to sustain any larger naval or military force or apparatus than was needed for defence

against actual and acknowledged danger. This last necessity also would be reduced to its very lowest point, were the supposed system universal; for the very attempt to conduct a war by direct taxation would cripple and dishearten the aggressive power before the first blow could take effect upon a rival state.

Except so far as taxes on commerce may be regarded as incidental to and inseparable from its needed regulation and surveillance, their chief advantage consists in their equalization. They are a charge upon consumption; they enter into the price of commodities, and every purchaser thus pays his equitable proportion. No actual system of direct taxation is free from great practical injustice. The burden rests upon such property as cannot be concealed; while distant investments, unacknowledged loans, paper securities which form no part of the assessor's schedule, and fraudulent inventories, frequently exempt the richest members of the community from a very large proportion of their rightful charge. The least objectionable mode of direct taxation would be that which should lay the entire assessment on real estate, according to its estimated value for the time being. Such a tax, like the customs, would distribute itself. It would form an element in rent, in wages, in salaries, and in prices of every description, and would thus be paid by all the citizens in proportion to their respective means and measures of expenditure.

We are well aware that we are speaking of what is possible only in the remote future, and we should hardly have deemed it needful to enter upon this discussion, did not every statement of an unrecognized truth help to hasten its realization. But at present the governments of Europe and America depend on the customs for a large portion of their revenue; and the question of immediate urgency is, Shall the duties on imports be indiscriminate, or discriminating? and if the latter, on what principle? Mr. Bowen contends that they should be so adjusted as to overcome the obstacles which foreign competition opposes to the natural development and course of home industry. The following extract involves the principles on which he defends a protective revenue-system.

“Independent communities are not always at war with each other;

but they are always rivals and competitors in the great market of the world. This feeling of rivalry is whetted by the different circumstances under which they are placed, by the peculiarities in the condition of each, and by the opposition of interests which often grows out of these peculiarities. The legislation of each State is primarily directed, of course, to the protection and promotion of the interests of its own subjects ; and thus it often injuriously affects the interests of other nations. There is, therefore, a good deal of retaliatory legislation on the part of different governments. There is often, on both sides, a keen measure of wits in devising commercial regulations which shall affect, or render nugatory, measures adopted by the rival nation, not exactly with a hostile intent, but with an exclusive view to its own interests, and therefore frequently with an injurious effect upon the interests of others. Reciprocity treaties, as they are called, are sometimes formed, to obviate the evil effects upon both parties of this keen spirit of competition, when pushed too far. Now, such retaliatory legislation, so far as it operates upon the members of the very community from which it emanates, so far as it limits or restrains the action of all or a portion of them, is not an infringement, but an application, of the *laissez-faire* principle. It is designed to procure for them a larger liberty than they would otherwise enjoy ; if it is effectual, if it answers its purpose, it removes an impediment created by a foreign state far more serious and extensive than the obstruction which it imposes. It may, indirectly and incidentally, turn industry from one channel to another, and make some changes in the investments of capital. But this change is effected only by opening one channel, which would otherwise, under the effects of foreign competition, have remained entirely closed, and by rendering it possible and profitable to turn capital to other uses than those to which it was formerly limited.

“If we suppose that the application of native industry and capital is restricted in its range, not by the legislative policy knowingly adopted by a foreign state for this very purpose, but through the superior natural advantages possessed by that state, the same principle still governs the result. By submitting to a small restraint imposed at home, we get rid of a much larger obstacle to our freedom of action, created either by the commercial regulations, finer climate, more fertile soil, more abundant capital, or larger skill and experience of a rival community. The policy of states leads them to seek independence of each other in their economical, almost as much as in their political, relations ; or we might better say, that political independence—that is, the enjoyment of distinct institutions and laws, chosen and established by ourselves—makes it still more desirable and necessary than it was before, that we

should not be entirely dependent upon foreigners for the supply of great articles of consumption of prime necessity, — that we should have within our own borders, and under our own control, the means of satisfying all our natural and imperative wants. It is not even desirable that Massachusetts and Ohio should be rendered so far independent of each other, that each could obtain from its own soil, or by the labor of its own inhabitants, all that it can need; for these two States are one in most of their political relations. Members of the same great confederacy, living under the same laws, and each exercising its due share of influence in the national legislature, neither has cause to apprehend the hostile or injurious action of the other. The political ties between them are strengthened by their dependence on each other for a supply of many of the necessities of civilized existence. But it is desirable that both should be independent, as far as may be, of the great powers of Europe, with whom they cannot be sure of continued friendly intercourse for any time beyond the present, and from whom they are always separated by a great breadth of ocean, and by dissimilarity of customs, institutions, and laws.

“ True independence, in an economical point of view, does not require us to forego all commercial intercourse with other nations; this would be rather a curse than a blessing. But it does require that each nation should be able to exercise, within its own limits, all the great branches of industry designed to satisfy the wants of man. It must be able to practise all the arts which would be necessary for its own well-being, if it were the only nation on the earth. If it be restricted to agriculture alone, or to manufactures alone, a portion of the energies of its people are lost, and some of its natural advantages run to waste. To be so limited in its sphere of occupation, to be barred out from some of the natural and necessary employments of the human race, through the overwhelming competition of foreigners, is a serious evil, which it is the object of a protective policy to obviate or redress. On whatever other grounds this policy may be objected to, it is surely not open to the charge of being an infringement of the *laissez-faire* principle, or a restriction of every man's right to make such use as he pleases of his own industry and capital. Its object is not to narrow, but to widen, the field for the profitable employment of industry, and to second the working of the beneficent designs of Providence in the constitution of society, by removing all artificial and unnecessary checks to their operation.” — pp. 24 – 27.

We are inclined to think that the whole subject of protection may be disposed of more summarily, and that the cases

in which it is a legitimate policy may all be resolved, as they are by Mill (as quoted by Mr. Bowen), into the same category with patent rights and copyrights. It is for the interest of every nation that the number of skilled artisans should exceed by a constantly increasing proportion that of rude laborers. The commodities produced by the latter are manifestly of less value than those created by the former. They are generally also of greater bulk, and cannot reach a distant market without a large proportional cost of transportation. This description of industry therefore tends to keep the population sparse, and, for lack of readily exchangeable values, to bring within narrow limits its enjoyment of aught beyond the necessities of subsistence. Thus a purely agricultural nation will do little more than to sustain a scanty and stationary population in a rude way; while the establishment of manufactures will stimulate even its agriculture by multiplying home markets close at hand, and the very same soil, with diminished labor of improved quality, may feed three or six times its former inhabitants, and still leave a greater surplus than before. On this ground, every nation should comprehend within its own borders all those modes of skilled industry, the materials of which are indigenous, or as easily procurable as elsewhere, the processes of which are unobjectionable in point of health and morals, and the products of which can find a ready, adequate, and remunerative market. All kinds of industry to which this description applies can sustain themselves in the long run, and can need no permanent protection. Yet they may and often do need to be initiated, and fostered into maturity, by a protective policy. They can be established only by an expenditure of capital, which cannot at the outset yield a satisfying return to the capitalists. They must be conducted for a season tentatively and awkwardly, till the skill which grows only from practice can be acquired in their operative details, and extended to their general management. Meanwhile, left to themselves, they may be crushed in birth by foreign rivalry. That then is a sound policy which protects them with a view to their becoming independent of protection, — which shelters their infancy and nonage, that they may be brought into a condition in which they may safely be trusted to the *laissez-faire* principle.

But a moment's consideration will show us that it is inexpedient for a nation to produce commodities, the permanent cost of which, in her own markets, will exceed their cost elsewhere *plus* the charge of transportation. The price of a commodity is made up of rent, interest on capital, and labor; and, in most of the manufactures for which permanent protection is demanded, the proportion of the value of the raw material is so small as compared with that of the manufactured article, and the annual products so large compared with the capital employed, that we may, without any great error, neglect rent and interest in our calculations.* If then it costs more to make a given article in Lowell, and place it in the Boston market, than to furnish for the same market the same article imported from Liverpool, it must be because labor of a less amount and value is bestowed upon it in the latter case than in the former. But home-labor, in some form, must pay the price of the Liverpool commodity. It is then procured by a less amount of home-labor than if manufactured in Lowell. The same amount of labor, therefore, which would produce it in Lowell will procure it from Liverpool, and will leave a surplus for other purchases or to be added to the general capital. For a nation to persist in producing what she can never manufacture as cheap as she can buy in a foreign market, is economy of the same description as that of the shoemaker who should expend the labor of three days, and the wages of three more, in producing the coat which five days' wages would buy of the tailor.

But even were this argument fallacious, (which we believe it not to be,) there are special reasons why a system of perpetual protection should form no part of *American* Political Economy. In the necessary conflict of sections, parties, and interests, it is impossible that such a system can endure. The instincts of commerce will always urge the fitness, and claim the right, of buying in the cheapest and selling in the dearest market; and if there are home-created products, a certain amount of which will purchase in London or Liverpool a

* Were we to compute these two items, their *joint* amount would be nearly equivalent in England and the United States; the higher rent-charge in the former country being fully balanced by the higher rate of interest in the latter.

greater amount of a given commodity than it can purchase from the work of our own looms and forges, the unrestricted liberty of making the foreign purchase is only a question of time,—sooner or later the commercial interest will gain ascendancy, and enforce its own demands. To be sure, the balance may turn again; depressed manufactures may make political capital from their very depression; but their renewed protection and their consequent prosperity will only invite fresh assaults and prepare the way for severer disaster. With every disturbance of the tariff, manufactures that need protection must be suspended with serious loss, or continued at perhaps still greater sacrifice, and at every such crisis, heavy bankruptcies, the sinking of invested capital, and the discharge of large bodies of operatives, constitute a mass of calamity as severe as can befall an elastic, versatile, and enterprising population, and would remain on the public mind as a caveat against similarly hazardous undertakings, did not the self-recuperative power of a young and growing people obliterate their vestiges.

Mr. Bowen combats Malthus's theory of population, yet without denying its fundamental principle, namely, the tendency of population to outstrip the means of subsistence. In theory this tendency undoubtedly exists. But, while millions of uncultivated acres all the world over leave a margin of centuries before the apprehended result can be realized, the improvement of the masses in knowledge and virtue is applying the "preventive check," which must diminish the ratio of increase,—always most rapid near the starvation point, and the slowest (except in new countries and from immigration) where the standard of self-respect and of domestic comfort is the highest. The following paragraph contains a summary of the argument.

"I have endeavored to prove, that in the most thickly populated country on earth, the number of the people is yet very far within the limit of the subsistence which the land is capable of affording, even if we look only to the capacities of their own soil, and not to the immeasurable supplies which their wealth and commerce might pour in upon them from other shores. Still further, I do not believe there is any danger that mankind, even in the lapse of future centuries, will ever

multiply up to the limit which the terraqueous globe is able to contain and nourish. To adopt the favorite metaphor of the Malthusians, the weights which are now actually keeping down the spring of population — that spring which they think is always ready to fly up with the full force of a 'geometrical progression' — are war, vice, unnecessary or curable disease, ignorance, idleness, bad habits, bad government, and inequality of wealth fostered by bad laws. Remove these, one by one, or in a mass, and there will be room for an almost indefinite expansion of the compressed force, and a consequent increase of human happiness, before the ultimate check, which may be considered as a weight hanging much higher up, can come into action through the absolute inability of the earth to contain and support more. In truth, it is demonstrable both from reason and experience, that population never can rise to the point where it will meet this last and insuperable obstacle. Among the lower weights to be first removed are ignorance, vice, bad government, and a virtual division of society into castes through unnatural yet fixed inequalities of wealth and condition. Take away these, and you remove along with them the widely spread misery which they foster, and which is the great cause why the population multiplies unduly, or under circumstances that are not fitted for it, because such hopeless misery renders men imprudent and reckless, and leads them to burden themselves with a family, though they are already starving, because they cannot be worse off, and there is no hope of improving their estate. To adopt the phraseology of Mr. Malthus, take away the 'positive check,' and the 'preventive check' will come into play of its own accord, — will come into play naturally, inevitably, and without compulsion, — not as the consequence of a theory, but as the easy, beneficent, and necessary result of the laws of nature and nature's God. Whatever tends to keep men hopelessly poor is a direct encouragement, the strongest of all incentives, to an increase of population. Take away the causes of misery, remove the insurmountable barriers which now keep the various classes of European society apart, and educate the people, and there will be no fears of an excess of numbers. Take away the lower weights which keep down the spring, and it will never rise high enough to meet the upper one. The bounty and the wisdom of Providence never fail. It is not the excess of population which causes the misery, but the misery which causes the excess of population." — pp. 151, 152.

Mr. Bowen next discusses Ricardo's theory of rent, which, however satisfactory as expounding the phenomenon of rent, is divested of its portentous significance very much in the

same way in which Malthusianism is disarmed. Undoubtedly, with a limited supply of land and a population rapidly multiplying about the same centres, the joint ratio of productiveness and ready access to a market must determine the rent of land; and as, with increasing demands, poorer and less advantageously situated land must be brought into cultivation, rent must perpetually rise, till at length every acre of good soil must pay a rent-charge which shall represent the entire difference in value between the market worth of its own annual products, and the proceeds of equal labor on the acre of bleak hill-side or arid sand-waste that lies the farthest from a market. Thus not only must population outstrip the means of subsistence, but famine prices must even precede the sure steps of actual dearth. But the period when the distressing stages of this process will supervene, lies in those dim depths of an unimaginable future, to which the exhaustion of the American coal-beds belongs. Even the most densely peopled countries of the East have large tracts of cultivable, but uncultivated land, nor in one of them has science rendered any essential aid to practical skill; yet they feed their inhabitants, and at the same time raise tea, indigo, and spices for the world. But a very small proportion of the earth's surface is as yet subdued to agricultural uses, and only here and there a market-garden in England, Holland, or Belgium furnishes a suggestion of the productive capacities of the soil; nor is it inconceivable that even these favored spots fall short of the productiveness which improved modes of culture and the application of new agencies may develop universally. However this may be, the cultivation of the worst soils, with the consequent exorbitant elevation of rent-charges for the better soils, is now a more remote contingency than it might have seemed a century ago. With the existing facilities for locomotion, and the present migratory habits of the civilized world, population must needs tend to accumulate wherever it can best be sustained. Men will no longer vex sterile fields with unprofitable labor, simply because their fathers delved in them; nor yet can mere proximity to a market afford sufficient encouragement for the cultivation of a meagre soil, now that easy conduits of internal commerce, and

maritime freights reduced to a point that seems fabulously low, are equalizing near and distant markets, and rendering the possession of salable commodities the only prerequisite to their prompt and advantageous sale.

We quote the following lucid statement from Mr. Bowen's chapter on "The Theory and Uses of Money."

"Money is merely a contrivance for diminishing the friction of exchange; and though a safe and convenient, it is also a very costly, contrivance for this end. It is absolutely unproductive except for this purpose; it is a portion of the wealth of the country, it is true; but it is a portion of our unproductive wealth, not of our capital. We are the poorer by the loss of profit or interest on all of it which we are obliged to keep on hand. Money (paradoxical as the assertion may seem) yields neither profit nor interest. It is only the goods or commodities that are transferred or exchanged by means of money, which yield profit; and this profit or interest, as we have seen, depends on the mutations or changes of form that they undergo. The very reason which Locke adduces for the high estimate put upon money in comparison with other objects of wealth, — namely, its durability, or the fact that it cannot be consumed, — is the cause why it is not productive. The specie which a merchant or a banker holds in store, to provide against daily calls or sudden emergencies, is the only unproductive portion of his capital; he is subject to a loss of interest on the whole amount thus retained. It has been already proved, that it is only through the constant transformations of capital, through its repeated consumption and reproduction, that it is made to yield a profit. And even as an article of unproductive wealth, it may be said of money that it gratifies no taste, and in its capacity as money, apart from its character as a portion of wealth, it yields no enjoyment. The coin which a man keeps in his pocket does not, like his shoes or his hat, contribute to his comfort; it is a convenience to him only as it supplies immediate means for making small purchases or satisfying small demands.

"Thus it answers a useful purpose; for, as I have said, it facilitates exchanges. In this respect, it corresponds perfectly, if I may adopt Adam Smith's illustration, to the land which is used for roads and other avenues of passage and transportation. The land thus appropriated affords no rent; it cannot be used for the purposes either of agriculture or building. We cannot do without the roads, any more than we can do without money, but the necessity of devoting much land to this use is a tax upon the community, and a tax to a serious amount; for it yields no profit, and it costs a considerable sum for keeping it in repair.

So the cost to a community of the money which it needs is a serious drain upon its resources. For money also needs to be kept in repair ; the loss by abrasion, by actual rubbing down through much handling, is considerable. The deficiency in weight of the old worn coins, when they are called in to be re coined, has to be made up by the public. An operation of this kind in William and Mary's time, re coining all the specie currency of Great Britain, and issuing it again of the proper weight, cost the government about two and a half millions sterling, or twelve millions of dollars. McCulloch estimates the whole loss from abrasion, and from such accidents as shipwrecks, fires, and forgetting the places where hoards of it have been buried or otherwise concealed, at one per cent a year ; estimating, as Mr. Senior does, the whole metallic currency of England at thirty millions sterling, or one hundred and fifty millions of dollars, the annual cost of maintaining this currency in repair is about a million and a half of dollars.

" This, however, is not the heaviest charge which the possession of a large amount of coined money entails upon the nation. The loss of profit or interest may be estimated by regarding the specie currency as so much unproductive wealth, which, if it were turned into active capital, would increase the national income by a large annual profit. The whole gold and silver currency of France, for instance, is estimated at four hundred millions of dollars ; considering the rate of profit in that kingdom to be only six per cent, the annual expense of keeping so much money within the limits of the country is twenty-four millions ; add one per cent as the cost of keeping the coin in repair, and the total expense is twenty-eight millions of dollars, or more than half the sum which would defray the whole expense of our national government in a time of peace. We cannot estimate with much precision the amount of currency here in the United States ; but the returns of all the banks in the Union, made to the Secretary of the Treasury in May, 1854, indicate that the average circulation of bank-notes is now about two hundred millions of dollars, founded on specie reserves held by the banks, of sixty millions. The gold and silver in the treasury depositories of the United States at the same period amounted to twenty-five millions. If we suppose that forty millions of gold and silver coins are in the hands of individuals and other corporations than banks, an estimate certainly not too large, we have two hundred and sixty-five millions of dollars as the total of our circulation. The average rate of profit throughout the United States is at least as high as ten per cent ; add one per cent for the loss by abrasion, and by shipwrecks, fires, &c., and we have over twenty-nine millions for what would be the annual cost of our currency, did it consist exclusively of specie. In fact, a large portion of it consists

of bank-notes, a cheap substitute for coin ; so the actual cost is but eleven per cent on one hundred and twenty-five millions of specie, or a little less than fourteen millions a year.

“I should be unwilling to introduce these statistical computations, if they did not contribute more powerfully than other arguments to overthrow the old popular errors, that coined silver and gold alone constitute national wealth, or that they possess material advantages over every other commodity which is admitted to be wealth. There is no occasion to undervalue the real service that is rendered by money ; it is just as essential in every civilized, nay, in every barbarous community, as a system of roads or other means of transportation. Our only point is, that it is a very expensive servant, and that the true policy of nations is to get along with the use of as little of it as possible. We need a certain amount of money, proportioned to our population, the extent of our territory, and the magnitude of our commercial operations ; to attempt to amass a larger amount than this, would be as great a folly as to lay out a greater number of roads than is necessary, and to build more carriages than are needed to carry the freight and passengers. Because specie is costly, there have been invented of late years a great variety of cheap substitutes for it, chiefly various forms or sorts of bank-notes, some of which are very useful, and others very mischievous expedients. The great advantage that gold and silver money possesses over them all is the perfect security that it affords ; the great disadvantage is its expensiveness.” — pp. 281 – 284.

There is in the work under review no more valuable chapter than that on Banks. The author, in common as we believe with every political economist from Adam Smith downward, reasons conclusively against a small-bill circulation. That the patent grounds on which such a circulation should be restricted or forbidden have hardly been recognized by any of our State legislatures, might at first thought seem surprising. But interest blinds even honest men, who are strongly tempted to believe that what promises them increased revenue or business facilities can be of no detriment to the commonwealth ; and there can hardly be convened a legislative assembly, a large proportion of whose members are not connected with banks as officers, stockholders, or frequent borrowers. The issue of small bills forms in fact the chief variable element in the expansibility of bank-loans, and thus of dividends. The capital of the bank is fixed by charter, and its average de-

posits are determined by the habits of the community. The only remaining basis for discounts is the excess of the circulation over the specie in hand. Large bills are soon returned to the bank, either in deposits, in the payment of loans, or through the agency of other banks. Only small bills really circulate. Their natural course is from hand to hand in petty purchases, and it is only by a contingency which may not occur to an individual bill for many months, that they find their way to the counter whence they were issued. Their circulation is often increased, and the day of redemption indefinitely postponed, by distant loans made on the express condition that the bills thus issued shall not be paid into any bank, but distributed, in wages or otherwise, in small sums. This operation is safe while general credit remains unimpaired. But the bank, which measures its reserve of specie by the ordinary demands for redemption, (and legislation can hardly compel more than this,) is unarmed against the sudden panic which from time to time fills bill-holders with alarm; and if a few really insolvent banks suspend redemption at the outset of such a panic, the danger is that those whose assets, could they be made available, would cover circulation, deposits, and capital, will be compelled to suspend specie payment, and forced into liquidation at the very time when their assets must needs command much less than their actual value.

Moreover, were the issue of small bills perfectly safe, it undoubtedly has a tendency to depreciate the currency, and thus to inflate prices beyond their just specie standard. The notes of solvent banks are indeed representatives of values actually existing; but the values which they represent are exposed neither to the loss of interest nor the abrasion which together constitute the annual cost of a specie currency. Cost and worth are correlative terms, and if the average cost of a dollar is less (as it evidently is), in a currency of which only a third part consists of the precious metals, than in a currency chiefly metallic, a dollar is worth less in the former case than in the latter. The actual depression of the value of any nominal sum in our existing currency below what it would be in a specie currency cannot be less than six per cent. In this

proportion are prices and the wages of labor enhanced. Such a result would be of no significance, were we isolated as a nation. But this expansion of prices affects us unfavorably in our competition with hard-money nations in the markets of the world. Specie is the virtual basis and measure of international exchanges; and if our manufactures cost us an additional six per cent on account of a depreciated currency, we must either allow for this extra cost by offering them in foreign ports at a lower rate of profit than accrues to a nation otherwise similarly circumstanced, but with a metallic currency, or we must contract our manufactures to the demands of our own markets. On the other hand, our expanded prices, which the foreign merchant or manufacturer virtually receives in specie, (for he will not take in exchange goods which he could buy cheaper elsewhere,) invite excessive importation, and enable other nations to undersell us in our own markets, and in the very commodities offered by our own manufacturers. It is at least worthy of inquiry, whether we are not to seek here the chief reason why the balance of trade (we use this phrase in its literal, not in its technical and exploded sense) between this country and Great Britain is so manifestly in favor of the latter. If so, the remedy is to be found, not in retrograde steps as regards free trade, but in the solidifying of our currency. The English banks issue no bills of a lower denomination than five pounds sterling. Were our banks similarly restricted, we believe that American industry would be much more surely and permanently protected than it could be by a reluctantly granted, precarious, and fluctuating protective tariff.

Mr. Bowen's closing chapter, on the laws which regulate the succession to the estates of deceased persons, is a masterly vindication, thorough in argument and affluent in illustration, of the American system of free bequest and equal distribution, as against the right of primogeniture, the system of entail, and the various legislative arrangements that favor the perpetuity of large, and the absorption of small, landed estates. We copy the following comparison between England and France as to the distribution of landed property.

"The avowed objects of the English laws which regulate the descent

of property are, the concentration of wealth in the hands of a few, and the support of an hereditary territorial aristocracy. These ends have been obtained. The inequality in the distribution of wealth in England is greater than in any other civilized nation; and her nobility and gentry are wealthier, more intelligent, more highly cultivated, more influential, and more secure in the possession of their power and property, than the corresponding classes now existing, or that ever have existed, in any country in the world. Five noblemen, the Marquis of Breadalbane, the Dukes of Argyle, Athol, Sutherland, and Buccleuch, own perhaps one fourth of all Scotland.* I have already quoted the assertion of M. de Lavergne, that 2,000 proprietors possess among them one third of the land and total revenue of the three kingdoms of England, Scotland, and Ireland. It is admitted that, up to 1848, there were not more than 5,000 Scotch, and 8,000 Irish land-owners; and good reasons have been adduced for the opinion, that there are only 46,000 who should be classed as landed proprietors in England. About 60,000 families, then, own all the territory which is occupied by over 27 millions of inhabitants.

"In France, on the other hand, under the laws requiring the equal partition of the property of persons deceased, the aristocracy have virtually ceased to exist, and out of a population of about thirty-five millions, at least five and a half millions are landholders. Considering these as heads of families, and allowing on an average four persons to a family, we find that twenty-two millions, or nearly two thirds of the whole population, are owners of the soil. Making the same allowance for the families of British landholders, we have but 240,000 individuals, or about the 112th part of the people, who share among them the total rental of the United Kingdom, which amounts to more than sixty millions sterling. In France, it is estimated that there are two and a half millions of proprietors whose estates do not exceed an average of ten acres each, and three millions of others whose properties average about thirty acres.

* "The estate of the Duke of Sutherland comprises about 700,000 acres, or considerably more than 1,000 square miles. The domains of the Marquis of Breadalbane, says M. de Lavergne, 'extend one hundred English miles, or forty leagues, in length, and reach nearly from sea to sea.' Both of these immense estates have been cleared of their ancient inhabitants, and the Highland clans by which they were not only occupied, but *owned*, have ceased, properly speaking, to exist; they have been driven into exile, or have been exterminated by privation and hardships. A few remnants of them inhabit some miserable fishing hamlets on the sea-shore, and swell the bulk of the destitute classes in the great cities. 'By far the wealthiest proprietor in the Lowlands is the Duke of Buccleuch,' whose estates extend over several counties, and whose palace at Dalkeith is an establishment of regal magnificence."

"These results of a comparison of the two countries in respect to the distribution of landed property are very startling, and would almost exceed belief, if it were not evident that the policy of the law so strongly favors aggregation in the one case, and partition in the other, that such consequences, sooner or later, are inevitable. A race of husbandmen living on their own small properties, and constituting what was called the yeomanry of the land, were formerly the principal cultivators in England and Wales. The larger portion of the population were then engaged in tilling the ground, which then produced more than enough for the national consumption, and there were no complaints that the country was over-peopled. But the race of small proprietors is now extinct; large estates and large farms have absorbed the small ones, and the agriculturists, who were once two thirds, now form but one fifth, of the whole population. The doctrine of the dominant school of English economists is, that farming must be carried on like every other trade; that large farms, like large machine-shops, large cotton-mills, and large iron-works, can produce cheaper than small ones, and therefore, very properly, supersede and obliterate them. Whatever may be thought of the correctness of this doctrine, it has certainly been carried out in practice. According to the census of 1851, there are in Great Britain 1,132 farms containing each 1,000 acres and upwards, and 2,816 others which are over 600 acres in extent. There are but 190,573 farms of less than 100 acres each, while in France, as we have just seen, there are two and a half millions which do not exceed ten acres.

"The chief argument in favor of this 'monster-farm' system is, that it economizes labor, and admits the application of capital on a large scale, so that machinery can take the place of human beings, great operations in draining and manuring can be effected, and the most improved processes of agriculture can be carried out in their full perfection. It may be so, if by rent we understand only that portion of the produce which accrues to the exclusive benefit of the landlord. In many cases, his estate will give him a larger income if devoted to pasturage than to tillage; for in the former case, only a few herdsmen are required to perform all the labor that is needed on a thousand acres. But it does not produce so much food; it does not afford sustenance to so many people. He who turns his land into a sheep-pasture or a deer-park, acts on the same principle as the Dutch, when, having a monopoly of the trade in spices, they destroyed a portion of what they imported in order to enhance the price of the remainder. It behooves the landholders who reason in this manner to ask themselves, if they do not lose as much by the increased cost of pauperism as they may possibly gain

by the enhancement of their rents. In England alone, the amount levied for the poor rate in 1850 exceeded seven and a quarter millions sterling (about \$ 36,000,000); the average number of paupers receiving relief on any one day was almost exactly one million; and the whole number of different persons relieved during some part of the year, was three millions." — pp. 522 — 524.

We regret that other engagements have prevented us from bestowing on Mr. Bowen's work the thorough analysis which it deserves and would reward. We have barely touched upon single points, without giving any adequate synopsis of its contents. The readers of this journal, however, are already conversant with the author's opinions on many of the subjects discussed in the treatise before us. The series of able and pregnant articles on Political Economy that appeared in the *North American Review*, while it was under his editorial charge, were, we believe, all of them from his pen, and several of them are incorporated in this volume. A thorough mastery of the science, fixed opinions ably defended, intimate conversance with the antecedent literature of this department, and a style lucid, compact, and forceful, render the work a compend of prime value to the student and of high interest to the general reader. With some of the author's doctrines we are not prepared to express our coincidence. But even on these points we must acknowledge his candor and his vigor as a disputant, and should hardly dare to measure weapons with one, whose severe study and patient thought render him a formidable antagonist, where he does not constrain our cordial assent.